GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5192
ANSWERED ON:29.04.2005
FII INVESTMENT
Gadakh Shri Tukaram Gangadhar

Will the Minister of FINANCE be pleased to state:

(a) whether SEBI has gone into details about FII investment through PN route;

(b) whether a detailed study has been made during 2004-05 in this regard;

(c) whether 4/5 layers have been observed in some, PN route investment;

(d) whether `know your client principle` is implemented;

(e) if so, the monthwise details about the` investment made through PN route; and

(f) the amount out of which this has come throw direct investment and amount came through various,1 layers?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM):

(a) and (b) Yes, Sir. The Securities and Exchange Board of India (SEBI) has informed that under Regulation 20 of the SEBI (Foreign Institutional Investors) Regulations, 1995, the issuers of PNS are required to report the date on outstanding PN to SEBI on monthly basis. A format has been prescribed for the said PN reporting. The date received through the monthly reports are collated every month.

(c) As per the prescribed reporting format the` issuers have to submit the name of the person to whom instrument have been issued.

(d) Yes, Sir. The SEBI (Foreign Institutional` Investors) Regulations, 1995 was amended by inserting Regulation 15A, where the issuance of PNS is subject. to compliance of `know your client` requirement by issuers.

(e) and (f) Aggregated value of underlying instrument as disclosed in the Monthly PN reports forj last seven month is as follows:â€”

Total of the National Value of the Underlying

Rs. crores

Month	Equity	Index	Debt	Derivatives	Total
August-04	28,552	1,314	2,696	3,164	35,726
September-04	34,251	519	287	1,936	36,993
October-04	37,457	483	277	2,302	40,519
November-04	41,864	7,653	600	3,400	53,517
December-04	55,424	7,646	722	4,095	67,886
January-05	48,922	1,139	500	4,489	55,050
February-05	48,762	1,293	482	4,405	54,941